

AMENDED IN SENATE SEPTEMBER 8, 2003

AMENDED IN SENATE AUGUST 21, 2003

AMENDED IN SENATE JULY 9, 2003

AMENDED IN ASSEMBLY MAY 7, 2003

AMENDED IN ASSEMBLY APRIL 22, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1130

Introduced by Assembly Member Diaz

February 21, 2003

~~An act to add Section 6254.23 to the Government Code, and to amend Sections 12699.50, 12699.51, 12699.52, 12699.53, 12699.54, 12699.56, 12699.58, 12699.60, 12699.61, and 12699.62 of, to amend the heading of Part 6.4 (commencing with Section 12699.50) of Division 2 of, and to add An act to amend Section 12699.62 of, and to add Section 12699.525 to, the Insurance Code, relating to health care coverage, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1130, as amended, Diaz. Health care coverage: ~~County Children's~~ Health Initiative Matching Fund.

Existing law creates the Children's Health Initiative Matching Fund in the State Treasury, which is administered by the Managed Risk Medical Insurance Board, in collaboration with the State Department of Health Services, for the purpose of providing matching state funds

and local funds received by the fund through intergovernmental transfers to a county agency, a local initiative, or a county organized health system to provide health insurance coverage to certain children in low-income households who do not qualify for health care benefits through the Healthy Families Program or Medi-Cal. ~~Existing law, the California Public Records Act, exempts certain records and information from being disclosed.~~

~~This bill would instead create the County Health Initiative Matching Fund in the State Treasury for those purposes. The bill would appropriate, for the 2002–03 fiscal year, a specified sum to the board that would be available for encumbrance for the purposes of these provisions. The bill would authorize the board to enter into contracts and to issue rules and regulations on an emergency basis. The bill would require the Governor to apply for waivers or file state plan amendments in order to obtain federal financial participation for specified projects. The bill would exempt records of the board related to the fund from disclosure under the California Public Records Act. The bill would make related changes.~~

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 6254.23 is added to the Government~~
- 2 ~~Code, to read:~~
- 3 ~~6254.23. (a) Nothing in this chapter shall require the~~
- 4 ~~disclosure of records of the Managed Risk Medical Insurance~~
- 5 ~~Board related to activities governed by Part 6.4 (commencing with~~
- 6 ~~Section 12699.50) of Division 2 of the Insurance Code, that reveal~~
- 7 ~~any of the following:~~
- 8 ~~(1) Deliberative processes, discussions, communications, or~~
- 9 ~~any other portion of the negotiations with health plans.~~
- 10 ~~(2) Impressions, opinions, recommendations, meeting~~
- 11 ~~minutes, research, work product, theories, or strategy of the board~~
- 12 ~~or its staff.~~
- 13 ~~(3) Instructions, advice, or training to employees.~~
- 14 ~~(b) Except for the portion of a contract that contains the rates~~
- 15 ~~of payment, a contract entered into pursuant to Part 6.4~~

~~(commencing with Section 12699.50) of Division 2 of the Insurance Code, on and after January 1, 2004, shall be open to inspection one year after the contract has been fully executed.~~

~~(e) If a contract entered into pursuant to Part 6.4 (commencing with Section 12699.50) of Division 2 of the Insurance Code is amended, the amendment shall be open to inspection one year after the amendment has been fully executed.~~

~~SEC. 2. The heading of Part 6.4 (commencing with Section 12699.50) of Division 2 of the Insurance Code is amended to read:~~

~~PART 6.4. COUNTY HEALTH INITIATIVE MATCHING
FUND~~

~~SEC. 3. Section 12699.50 of the Insurance Code is amended to read:~~

~~12699.50. This part shall be known and may be cited as the County Health Initiative Matching Fund.~~

~~SEC. 4. Section 12699.51 of the Insurance Code is amended to read:~~

~~12699.51. For the purposes of this part, the following definitions shall apply:~~

~~(a) “Administrative costs” means those expenses that are described in Section 1397ee(a)(1)(D) of Title 42 of the United States Code.~~

~~(b) “Applicant” means a county, county agency, a local initiative, or a county organized health system.~~

~~(c) “Board” means the Managed Risk Medical Insurance Board.~~

~~(d) “Child” means a person under 19 years of age.~~

~~(e) “Comprehensive health insurance coverage” means the coverage described in Section 12693.60.~~

~~(f) “County organized health system” means a health system implemented pursuant to Article 2.8 (commencing with Section 14087.5) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code and Article 1 (commencing with Section 101675) of Chapter 3 of Part 4 of Division 101 of the Health and Safety Code.~~

~~(g) “Fund” means the County Health Initiative Matching Fund.~~

~~(h) “Local initiative” has the same meaning as set forth in Section 12693.08.~~

~~SEC. 5. Section 12699.52 of the Insurance Code is amended to read:~~

~~12699.52. (a) The County Health Initiative Matching Fund is hereby created within the State Treasury. The fund shall accept intergovernmental transfers as the nonfederal matching fund requirement for federal financial participation through the State Children’s Health Insurance Program (Subchapter 21 (commencing with Section 1397aa) of Chapter 7 of Title 42 of the United States Code).~~

~~(b) Amounts deposited in the fund shall be used only for the purposes specified by this part.~~

~~(c) The board shall administer this fund and the provisions of this part in collaboration with the State Department of Health Services for the express purpose of allowing local funds to be used to facilitate increasing the state’s ability to utilize federal funds available to California. These federal funds shall be used prior to the expiration of their authority for programs designed to improve and expand access for uninsured persons.~~

~~(d) The board shall authorize the expenditure of money in the fund to cover program expenses, including cost to the state to administer the program.~~

~~SEC. 5.5.~~

~~SECTION 1. Section 12699.525 is added to the Insurance Code, to read:~~

~~12699.525. The sum of eighty-nine million dollars (\$89,000,000) is hereby appropriated in the 2002–03 fiscal year from the fund, and the sum of one hundred sixty-four million dollars (\$164,000,000) is hereby appropriated for the 2002–03 fiscal year from the Federal Trust Fund, to the board and shall be available for encumbrance through June 30, 2004, for the purposes of this part.~~

~~SEC. 6. Section 12699.53 of the Insurance Code is amended to read:~~

~~12699.53. (a) An applicant that will provide an intergovernmental transfer may submit a proposal to the board for funding for the purpose of providing comprehensive health insurance coverage to any child who meets citizenship and immigration status requirements that are applicable to persons~~

1 participating in the program established by Title XXI of the Social
2 Security Act whose family income is at or below 300 percent of
3 the federal poverty level in specific geographic areas, as published
4 quarterly in the Federal Register by the Department of Health and
5 Human Services, and who does not qualify for either the Healthy
6 Families Program (Part 6.2 (commencing with Section 12693) or
7 Medi-Cal with no share of cost pursuant to the Medi-Cal Act
8 (Chapter 7 (commencing with Section 14000) of Part 3 of Division
9 9 of the Welfare and Institutions Code).

10 (b) ~~The proposal shall guarantee at least one year of~~
11 ~~intergovernmental transfer funding by the applicant at a level that~~
12 ~~ensures compliance with the requirements of an approved federal~~
13 ~~waiver and shall, on an annual basis, either commit to fully funding~~
14 ~~the necessary intergovernmental amount to meet the conditions of~~
15 ~~the waiver or withdraw from the program. The board may identify~~
16 ~~specific geographical areas that, in comparison to the national~~
17 ~~level, have a higher cost of living or housing or a greater need for~~
18 ~~additional health services, using data obtained from the most~~
19 ~~recent federal census, the federal Consumer Expenditure Survey,~~
20 ~~or from other sources. The proposal may include an administrative~~
21 ~~mechanism for outreach and eligibility.~~

22 (c) ~~The applicant may include in its proposal reimbursement of~~
23 ~~medical, dental, vision, or mental health services delivered to~~
24 ~~children who are eligible under the State Children's Health~~
25 ~~Insurance Program (Subchapter 21 (commencing with Section~~
26 ~~1397aa) of Chapter 7 of Title 42 of the United States Code), if these~~
27 ~~services are part of an overall program with the measurable goal~~
28 ~~of enrolling served children in the Healthy Families Program.~~

29 (d) ~~If a child is determined to be eligible for benefits for the~~
30 ~~treatment of an eligible medical condition under the California~~
31 ~~Children's Services Program pursuant to Article 5 (commencing~~
32 ~~with Section 123800) of Chapter 3 of Part 2 of Division 106 of the~~
33 ~~Health and Safety Code, the health, dental, or vision plan~~
34 ~~providing services to the child pursuant to this part shall not be~~
35 ~~responsible for the provision of, or payment for, those authorized~~
36 ~~services for that child. The proposal from an applicant shall~~
37 ~~contain provisions to ensure that a child whom the health, dental,~~
38 ~~or vision plan reasonably believes would be eligible for services~~
39 ~~under the California Children's Services Program is referred to~~
40 ~~that program. The California Children's Services Program shall~~

1 provide case management and authorization of services if the child
2 is found to be eligible for the California Children's Services
3 Program. Diagnosis and treatment services that are authorized by
4 the California Children's Services Program shall be performed by
5 paneled providers for that program and approved special care
6 centers of that program and approved by the California Children's
7 Services Program. All other services provided under the proposal
8 from the applicant shall be made available pursuant to this part to
9 a child who is eligible for services under the California Children's
10 Services Program.

11 SEC. 7. ~~Section 12699.54 of the Insurance Code is amended~~
12 ~~to read:~~

13 ~~12699.54. (a) The board, in consultation with the State~~
14 ~~Department of Health Services, the Healthy Families Advisory~~
15 ~~Committee, and other appropriate parties, shall establish the~~
16 ~~criteria for evaluating an applicant's proposal, which shall include,~~
17 ~~but not be limited to, the following:~~

18 ~~(1) The extent to which the program described in the proposal~~
19 ~~provides comprehensive coverage including health, dental, and~~
20 ~~vision benefits.~~

21 ~~(2) Whether the proposal includes a promotional component to~~
22 ~~notify the public of its provision of health insurance to eligible~~
23 ~~children.~~

24 ~~(3) The simplicity of the proposal's procedures for applying to~~
25 ~~participate and for determining eligibility for participation in its~~
26 ~~program.~~

27 ~~(4) The extent to which the proposal provides for coordination~~
28 ~~and conformity with benefits provided through Medi-Cal and the~~
29 ~~Healthy Families Program.~~

30 ~~(5) The extent to which the proposal provides for coordination~~
31 ~~and conformity with existing Healthy Families Program~~
32 ~~administrative entities in order to prevent administrative~~
33 ~~duplication and fragmentation.~~

34 ~~(6) The ability of the health care providers designated in the~~
35 ~~proposal to serve the eligible population and the extent to which~~
36 ~~the proposal includes traditional and safety net providers, as~~
37 ~~defined in regulations adopted pursuant to the Healthy Families~~
38 ~~Program.~~

39 ~~(7) The extent to which the proposal intends to work with the~~
40 ~~school districts and county offices of education.~~

1 ~~(8) The total amount of funds available to the applicant to~~
2 ~~implement the program described in its proposal, and the~~
3 ~~percentage of this amount proposed for administrative costs as~~
4 ~~well as the cost to the state to administer the proposal.~~

5 ~~(9) The extent to which the proposal seeks to minimize the~~
6 ~~substitution of private employer health insurance coverage for~~
7 ~~health benefits provided through a governmental source.~~

8 ~~(10) The extent to which local resources may be available after~~
9 ~~the depletion of federal funds to continue any current program~~
10 ~~expansions for persons covered under local health care financing~~
11 ~~programs or for expanded benefits.~~

12 ~~(b) The board may, in its discretion, approve or disapprove~~
13 ~~projects for funding pursuant to this part on an annual basis.~~

14 ~~(c) To the extent that an applicant's proposal pursuant to this~~
15 ~~part provides for health plan or administrative services under a~~
16 ~~contract entered into by the board or at rates negotiated for the~~
17 ~~applicant by the board, a contract entered into by the board or by~~
18 ~~an applicant shall be exempt from any provision of law relating to~~
19 ~~competitive bidding, and shall be exempt from the review or~~
20 ~~approval of any division of the Department of General Services to~~
21 ~~the same extent as contracts entered into pursuant to Part 6.2~~
22 ~~(commencing with Section 12693). The board and the applicant~~
23 ~~shall not be required to specify the amounts encumbered for each~~
24 ~~contract, but may allocate funds to each contract based on the~~
25 ~~projected or actual subscriber enrollments to a total amount not to~~
26 ~~exceed the amount appropriated for the project including family~~
27 ~~contributions.~~

28 ~~SEC. 8. Section 12699.56 of the Insurance Code is amended~~
29 ~~to read:~~

30 ~~12699.56. (a) Upon its approval of a proposal, the board, in~~
31 ~~collaboration with the State Department of Health Services, may~~
32 ~~provide the applicant reimbursement in an amount equal to the~~
33 ~~amount that the applicant will contribute to implement the~~
34 ~~program described in its proposal, plus the appropriate and~~
35 ~~allowable amount of federal funds under the State Children's~~
36 ~~Health Insurance Program (Subchapter 21 (commencing with~~
37 ~~Section 1397aa) of Chapter 7 of Title 42 of the United States~~
38 ~~Code). Not more than 10 percent of the County Health Initiative~~
39 ~~Matching Fund and matching federal funds shall be expended in~~
40 ~~any one fiscal year for administrative costs, including the costs to~~

1 the state to administer the proposal, unless the board permits the
2 expenditure consistent with the availability of federal matching
3 funds not needed for the purposes described in paragraph (3) of
4 subdivision (a) of Section 12699.62. The board, in collaboration
5 with the State Department of Health Services, may audit the
6 expenses incurred by the applicant in implementing its program to
7 ensure that the expenditures comply with the provisions of this
8 part. No reimbursement may be made to an applicant that fails to
9 meet its financial participation obligation under this part. The
10 state's reasonable startup costs and ongoing costs for
11 administering the program shall be reimbursed by those entities
12 applying for funding.

13 (b) ~~Each applicant that is provided funds under this part shall~~
14 ~~submit to the board a plan to limit initial and continuing enrollment~~
15 ~~in its program in the event the amount of moneys for its program~~
16 ~~is insufficient to maintain health insurance coverage for those~~
17 ~~participating in the program.~~

18 SEC. 9. ~~Section 12699.58 of the Insurance Code is amended~~
19 ~~to read:~~

20 12699.58. ~~(a) The board, in collaboration with the State~~
21 ~~Department of Health Services, shall administer the provisions of~~
22 ~~this part and may do all of the following:~~

23 ~~(1) Administer the expenditure of moneys from the fund.~~

24 ~~(2) Issue rules and regulations as necessary.~~

25 ~~(3) Enter into contracts.~~

26 ~~(4) Sue and be sued.~~

27 ~~(5) Employ necessary staff.~~

28 ~~(6) Exercise all powers reasonably necessary to carry out the~~
29 ~~powers and responsibilities expressly granted or imposed by this~~
30 ~~part.~~

31 (b) ~~The adoption and readoption of regulations pursuant to this~~
32 ~~section shall be deemed to be an emergency and necessary for the~~
33 ~~immediate preservation of public peace, health, and safety, or~~
34 ~~general welfare and shall be exempt from review by the Office of~~
35 ~~Administrative Law. Any emergency regulations authorized by~~
36 ~~this section shall be submitted to the Office of Administrative Law~~
37 ~~for filing with the Secretary of State and publication in the~~
38 ~~California Code of Regulations and shall remain in effect for not~~
39 ~~more than 180 days. The regulation shall become effective~~
40 ~~immediately upon filing with the Secretary of State.~~

1 ~~SEC. 10.— Section 12699.60 of the Insurance Code is amended~~
2 ~~to read:~~

3 ~~12699.60.— Nothing in this part creates a right or an entitlement~~
4 ~~to the provision of health insurance coverage or health care~~
5 ~~benefits. No costs shall accrue to the state for the provision of these~~
6 ~~services. The state shall not be liable beyond the assets of the fund~~
7 ~~for any obligation incurred or liabilities sustained by applicants in~~
8 ~~the operation of the fund or of the projects authorized by this part.~~

9 ~~SEC. 11.— Section 12699.61 of the Insurance Code is amended~~
10 ~~to read:~~

11 ~~12699.61.— To the extent necessary to obtain federal financial~~
12 ~~participation for projects approved pursuant to this part, the~~
13 ~~Governor, in collaboration with the Managed Risk Medical~~
14 ~~Insurance Board and the State Department of Health Services,~~
15 ~~shall apply for one or more waivers or shall file state plan~~
16 ~~amendments pursuant to the State Children's Health Insurance~~
17 ~~Program (Subchapter 21 (commencing with Section 1397aa) of~~
18 ~~Chapter 7 of Title 42 of the United States Code) in coordination~~
19 ~~with the Managed Risk Medical Insurance Board and the State~~
20 ~~Department of Health Services to allow a county agency, local~~
21 ~~initiative, or county organized health system to apply for matching~~
22 ~~funds through the federal State Children's Health Insurance~~
23 ~~Program (Subchapter 21 (commencing with Section 1397aa) of~~
24 ~~Chapter 7 of Title 42 of the United States Code) using local funds~~
25 ~~for the state matching funds.~~

26 ~~SEC. 12.—~~

27 ~~SEC. 2.~~ Section 12699.62 of the Insurance Code is amended
28 ~~to read:~~

29 12699.62. (a) The provisions of this part shall be
30 implemented only if all of the following conditions are met:

31 (1) Federal financial participation is available for this purpose.

32 (2) Federal financial participation is approved.

33 (3) The Managed Risk Medical Insurance Board determines
34 that *the federal* State Children's Health Insurance Program
35 (Subchapter 21 (commencing with Section 1397aa) of Chapter 7
36 of Title 42 of the United States Code) funds remain available after
37 providing funds for all current enrollees and eligible children and
38 parents that are likely to enroll in the Healthy Families Program
39 and, to the extent funded through the *federal* State Children's
40 Health Insurance Program, the Access for Infants and Mothers

1 Program and Medi-Cal program, as determined by a Department
2 of Finance estimate.

3 (4) Funds are appropriated specifically for this purpose.

4 (b) The State Department of Health Services and the Managed
5 Risk Medical Insurance Board may accept funding necessary for
6 the preparation of the federal waiver applications or state plan
7 amendments described in Section 12699.61 from a not-for-profit
8 group or foundation.

9 ~~SEC. 13.~~

10 *SEC. 3.* This act is an urgency statute necessary for the
11 immediate preservation of the public peace, health, or safety
12 within the meaning of Article IV of the Constitution and shall go
13 into immediate effect. The facts constituting the necessity are:

14 Under federal law, one hundred sixty-four million dollars
15 (\$164,000,000) of the state's federal allotment under Title XXI of
16 the federal Social Security Act will revert to the federal Treasury
17 if it is not spent pursuant to Part 6.4 (commencing with Section
18 12699.50) of Division 2 of the Insurance Code in the 2002–03
19 fiscal year. Therefore, in order to expend this federal allotment to
20 protect the public health, it is necessary that this act take effect
21 immediately.

